

# guide to claiming motor vehicle expenses

Used for employment/business purposes

Method	Cents per km	12% of original value	One third of actual costs	Log book
<b>Requirements for eligibility</b>	None	Travelled <b>more than</b> 5,000 kms for employment/business purposes.	Travelled <b>more than</b> 5,000 kms for employment/business purposes.	Maintained a valid log book for <b>at least 12 weeks</b> .
<b>Formula</b>	Employment/business kms travelled x statutory rate (set by ATO). <sup>1</sup>	Original value of car x 12%.	Total running costs of car x 1/3.	Total running costs of car x business use percentage.
<b>Information required for substantiation purposes</b>	<ul style="list-style-type: none"> <li>- Make, model and registration number.</li> <li>- Engine capacity and type (ordinary or rotary).</li> <li>- Explain the basis of the claim.</li> </ul>	<ul style="list-style-type: none"> <li>- Make, model and registration number.</li> <li>- Engine capacity.</li> <li>- Basis on which kms were calculated to meet the 5,000 km threshold (e.g. diary of trips).</li> <li>- Tax invoice, HP/lease agreement or market value when car was first leased.</li> </ul>	<ul style="list-style-type: none"> <li>- Make, model and registration number.</li> <li>- Engine capacity.</li> <li>- Basis on which business kms were calculated (e.g. diary of trips - odometer readings at start and end of income year need to be recorded).</li> <li>- Maintain written evidence of running costs being claimed (e.g. invoices/receipts).</li> <li>- Ensure the following information is recorded on invoices/receipts:                             <ul style="list-style-type: none"> <li>• date of purchase;</li> <li>• name of supplier;</li> <li>• purchase amount;</li> <li>• description of the nature of the goods/services.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Make, model and registration number.</li> <li>- Engine capacity.</li> <li>- Odometer readings at start and end of respective income year.</li> <li>- If 1st year maintaining log book, it must cover at least 12 continuous weeks. Record the following data:                             <ul style="list-style-type: none"> <li>• dates when log book period starts and ends;</li> <li>• odometer readings at start and end of log book period;</li> <li>• dates when each trip began and ended;</li> <li>• odometer readings at start and end of trip;</li> <li>• describe purpose of trip (e.g. "office - business meeting in Herdsman area - office");</li> <li>• number of kms travelled on trip;</li> <li>• total kms travelled during period.</li> </ul> </li> <li>- Maintain written evidence of running costs being claimed (e.g. invoices/receipts).</li> </ul>
<b>Other notes</b>	<ul style="list-style-type: none"> <li>- <b>Claim</b> limited to 5,000 kms.</li> <li>- Limit applies to the kms travelled in an income year <b>by the car</b>, not the taxpayer.</li> <li>- No balancing adjustment event on disposal of car.</li> <li>- Convenient method of claim.</li> </ul>	<ul style="list-style-type: none"> <li>- Can only claim 12% of car value up to the luxury car limit.<sup>2</sup></li> <li>- No balancing adjustment event on disposal of car.</li> <li>- This claim method was no longer available from 01/07/2015.</li> </ul>	<ul style="list-style-type: none"> <li>- Petrol costs can be derived using odometer records.</li> <li>- Luxury car limit applies when calculating the depreciation of car.<sup>2</sup></li> <li>- Balancing adjustment event occurs on disposal of car.</li> <li>- This claim method was no longer available from 01/07/2015</li> </ul>	<ul style="list-style-type: none"> <li>- Log book generally valid for 5 years.</li> <li>- Variations in the pattern of business use in the initial year need to be accounted for.</li> <li>- Any subsequent variation of 10% or more requires a new log book.</li> <li>- Private trips do not need to be recorded in log book.</li> <li>- Luxury car limit applies when calculating the depreciation of car.<sup>2</sup></li> <li>- Balancing adjustment event occurs on disposal of car.</li> <li>- Method of claim should be used to maximise claim if significant employment/business use</li> </ul>

<sup>1</sup> Ordinary engine	Rotary engine	Cents per km 2014/2015	2015/2016
1,600cc or less	800cc or less	65 cents	single rate of 66 cents/km
1,601cc to 2,600cc	801cc to 1,300cc	76 cents	single rate of 66 cents/km
2,601cc and over	1,301cc and over	77 cents	single rate of 66 cents/km

<sup>2</sup> Luxury car limit for 2015/2016 income year is \$57,466 and 2016/2017 is \$57,581

a clear difference